

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Preschool Funding, 2005-2006 Rates

Applicable Statute or Regulation:

KRS 157.226, KRS 157.3175, 702 KAR 3:250

Action Question:

Should the Kentucky Board of Education approve Preschool Program per-child rates and the set-aside for 2005-2006?

History/Background:

Existing Policy. The Kentucky Preschool Program is a statewide program serving 3- and 4-year-old children with disabilities and 4-year-olds who are free-lunch eligible. The preschool program provides a minimum of a half-day developmentally appropriate program with services that include transportation, meals, and parent training. The preschool program also meets the comprehensive needs of children through collaboration with medical, health, mental health and social service agencies.

In *The State of Preschool: 2004 State Preschool Yearbook*, a report produced by the National Institute for Early Education Research (NIEER), Kentucky fared well in several areas. Overall, Kentucky met seven of the ten benchmarks for quality. However, in per-child spending, Kentucky ranked twenty-seventh, dropping from twenty-first place in the 2003 NIEER report.

Per-Child Rates. Each spring, the Kentucky Board of Education establishes the per-child rates for the Kentucky Preschool Program for the upcoming school year based on the budget approved by the legislature. The budget recently approved by the General Assembly allocates \$51.6 million for the preschool program for the next two years. The per-child rate varies according to the child's status. There is a standard preschool rate for 4-year-old at-risk children without disabilities, and weighted amounts for 3- and 4-year-old children with disabilities according to three categories: developmental delay, speech/language and severe.

Funding Procedures. According to the *KERA Preschool Funding Guidelines* adopted by the Kentucky Board of Education in July 1992 and amended in April 1995, districts receive a tentative award at the beginning of the school year. The tentative award is calculated from the district's preschool enrollment from the previous year, multiplied times the per-child rates for the new school year. After the new school year enrollment count is collected on December 1, the district receives a final award notice. The final award has an upward adjustment if enrollment has grown by more than

5% over the past year. Districts with enrollment decreases of more than 5% are advised of an offset which will be deducted from the next year's disbursal (not taken from current year allocation).

Preschool Funding to Date. Figure 1 shows the preschool allocations from the 1997-98 school year to 2005-2006. An increase occurred in 2004-05 because the Kentucky Board of Education recommended a \$6.8 million increase for the preschool program provided from \$10 million in additional funds designated by the Governor. The original allocation for 2004-05 was \$44.8 million.

Figure 1. Funding for Kentucky's state-funded preschool program 1997-2006

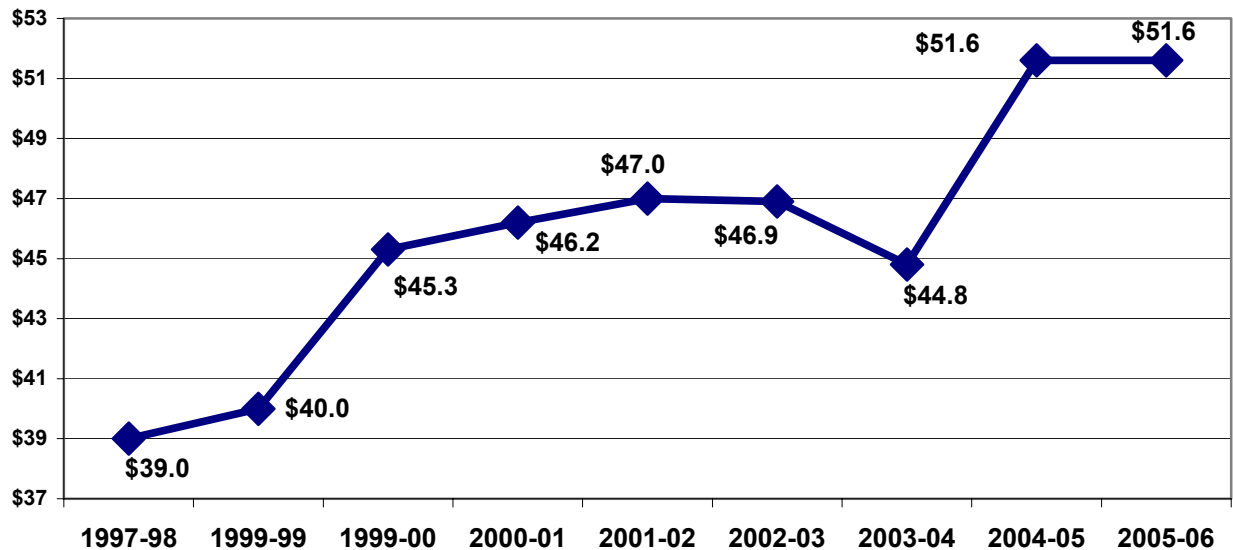


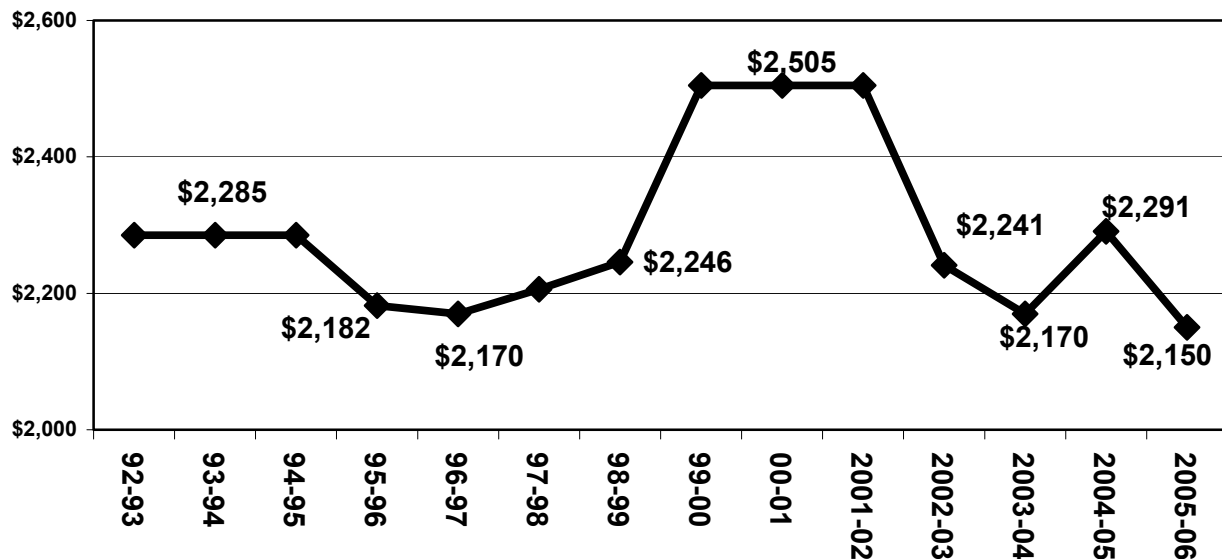
Table I shows the preschool rates from 1997 to the current rate with the at-risk rate and each of the special education allocations listed separately.

Table I. Preschool rates for at-risk and disabilities 1997-2006

Categories	1997-98	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
At-Risk	\$2,206	\$2,246	\$2,505	\$2,505	\$2,505	\$2,241	\$2,170	\$2,291	\$2,150
Speech/Language	\$2,319	\$2,361	\$2,639	\$2,639	\$2,639	\$2,353	\$2,279	\$2,405	\$2,258
Developmental Delays	\$2,993	\$3,055	\$3,403	\$3,403	\$3,403	\$3,317	\$3,038	\$3,207	\$3,011
Severe/Multiple Disabilities	\$5,016	\$5,128	\$5,565	\$5,565	\$5,565	\$4,257	\$4,123	\$4,353	\$4,086

Figure 2 shows the preschool at-risk rates from 1992-2006 showing the funding for at-risk preschoolers. Even though the total amount of funding for the program has increased, the per-child amount has decreased due to an increased number of children.

Figure 2. Preschool rates for at-risk four year olds, 1992-2006



State Enrollment Trends. Kentucky's state-funded preschool program is growing (see Table 2). Last year 95 out of 176 districts (54%) experienced preschool enrollment growth of more than five percent and in 2002-03, 89 districts (51%) experienced growth. In 2004-2005, the growing districts added 1,285 children. Figure 3 shows a steady increase in growth since 1996 in the number of children with disabilities. Figure 3 also shows that in the last four years, the number of at-risk children has risen. The result is a trend of increasing numbers of state-funded preschool children in both categories. Regardless of rates, districts must make services available to eligible children, particularly due to federal requirements for children with disabilities.

Table 2. Eligible children served by Kentucky's state preschool funds 1995-2005

<u>YEAR</u>	<u>STATE ENROLLMENT</u>	<u>GROWTH</u>	<u>% AT-RISK V. DISABILITY</u>
1995-96	15,326 children	+ 430	50% at-risk v. 50% disability
1996-97	15,509 children	+ 183	50% at-risk v. 50% disability
1997-98	15,531 children	+ 22	49% at-risk v. 51% disability
1998-99	15,466 children	- 65	47% at-risk v. 53% disability
1999-00	15,609 children	+ 143	45% at-risk v. 55% disability
2000-01	15,893 children	+ 284	43% at-risk v. 57% disability
2001-02	16,681 children	+ 786	41% at-risk v. 59% disability
2002-03	17,639 children	+ 958	39% at-risk v. 61% disability
2003-04	19,027 children	+ 1388	39% at-risk v. 61% disability
2004-05	20,312 children	+ 1285	39% at-risk v. 61% disability

Figure 3. Number of at-risk children and children with disabilities served in Kentucky's state-funded preschool program 1994-2005.

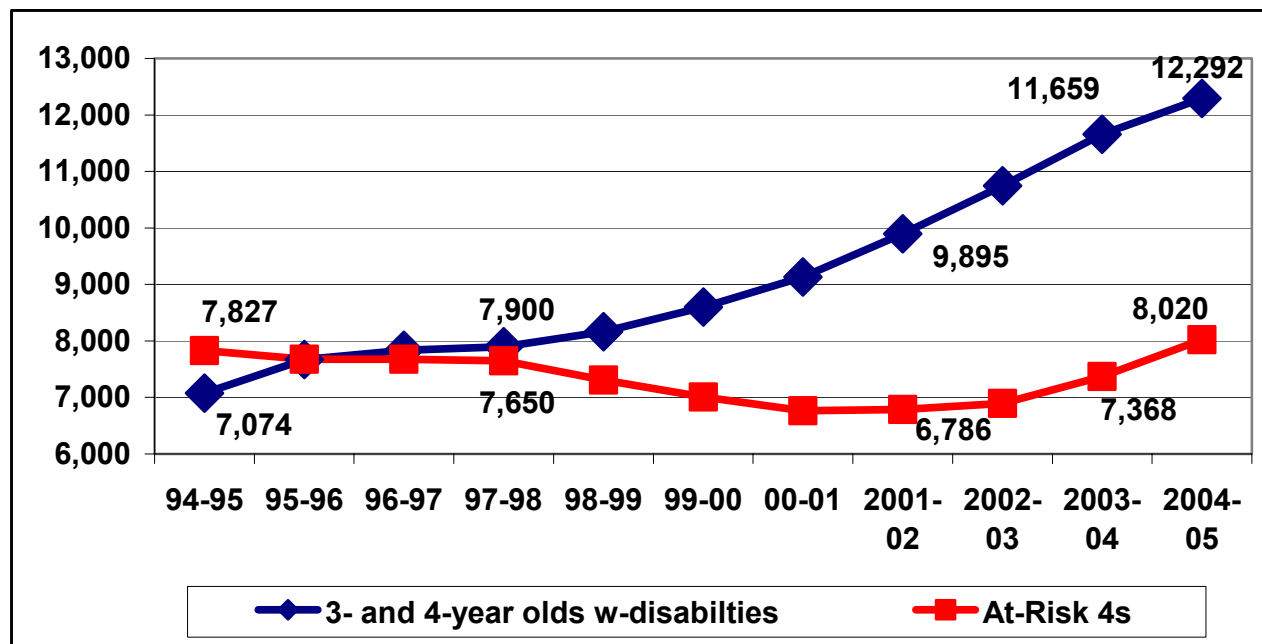


Table 3. Disability growth over 5 years.

Year	Speech/Language	Developmental Delay	Severe Disabilities
2000-01	4,164	4,636	330
2001-02	4,547	5,004	344
2002-03	4,936	5,431	380
2003-04	5,163	6,088	408
2004-05	5,279	6,595	418
5 yr.Growth	1,115	1,959	88
% growth	27%	50%	27%

Trends in Total Enrollment (State and Head Start). Both the state Preschool and federal Head Start programs serve income-eligible 4-year-olds and 3- and 4 year-olds with disabilities. Table 3 shows the numbers and percentage of increase in each of the disabilities within the preschool program. Table 4 shows the number of Head Start and state-funded preschool children served as documented by the December 1, 2004 count. It includes the over income children who are served on a tuition basis, through other funds, or as space is available (704 KAR 3:410). Together Head Start and Kentucky Preschool provide valuable early childhood services for at-risk preschoolers.

Table 4. December 1, 2004 count for Head Start and Kentucky state-funded preschool children.

2004-2005	At-risk 4-year-old children	3- and 4-year-old children with disabilities	Other children served (with tuition or other funds)	Total numbers
State Funded preschool	8,020	12,292	2,965	23,277
Head Start	7,519	2,739	4,131	14,389
Total Served	15,539	15,031	7,096	37,666

District Challenges. Kentucky preschool coordinators report transportation, salaries, materials/supplies and support for children with disabilities as their top funding challenges.

Policy Issues/Options:

Funds Available in 2005-2006. The budget for 2005-2006 will remain the same as the current year. Given the increased numbers of children enrolled in 2004-2005, the amount per child will decrease.

Decreasing state dollars will cause increased pressures on the state-funded preschool program. The following issues should be considered:

- Districts are serving a larger number of children with disabilities.
- The number of eligible children with limited English proficiency (LEP) is increasing.
- Districts are increasingly using general funds to operate the preschool program. According to the June 30, 2004, Preschool Program Report, districts contributed \$23.5 million dollars to the preschool program.
- Districts must hire certified teachers and recruit certified teachers as vacancies occur.
- Professional development, training and technical assistance will be necessary as programs implement the *Kentucky Early Childhood Standards, Continuous Assessment and Quality Self-Study Guides*.
- Transportation costs are straining district budgets.

Table 5. Preschool allocation formula for 2005-2006 school year based on the budget passed by the Kentucky General Assembly with calculations for at-risk and children with disabilities, and mid-year growth allocation.

Preschool Budget - \$51,625,400		
Per-Child Rates:	At-Risk Only	\$ 2,150
	Speech/Language	\$ 2,258
	Mild/Developmental Delays	\$ 3,011
	Severe/Multiple Disabilities	\$ 4,086
	Maximum Available for Mid-Year Growth:	\$250,000
If any funds are available at the above rates after calculating final awards based on the December 1, 2004, enrollment count, the per-child rates will be increased proportionately.		

Staff Recommendation and Rationale:

Staff proposes that the Board approve the per-child rate for 2005-2006 listed above and the mid-year growth amount that will allow for some growth for districts experiencing 5% or more growth based on the December 1, 2005, count. Given the current budget situation, the recommended action will help support a preschool program for children who are most at-risk of educational failure.

Impact on Getting to Proficiency:

Every child is capable of learning and achieving at high levels regardless of socioeconomic background or of other issues of diversity. Sound investments in preschool education are highly successful and cost efficient. Adequate support for preschool is essential for high-quality teaching and learning within strong and supportive classroom environments. All of these factors enable children to enter the primary program ready to succeed.

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